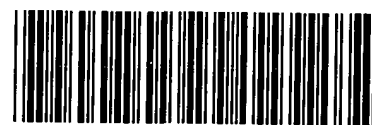


**Group Annual Report and**

**Financial Statements for the Year Ended 31 December 2014**

**for Aquaterra Energy Limited**

WEDNESDAY



\*L4H18DBS\*

LD2

30/09/2015

#320

COMPANIES HOUSE

REGISTERED NUMBER: 05522539 (England and Wales)

	Page
Directors and advisers	1
Strategic report for the year ended 31 December 2014	2
Directors' report for the year ended 31 December 2014	3
Independent Auditors' Report to the members of Aquaterra Energy Limited	6
Consolidated profit and loss account for the year ended 31 December 2014	8
Consolidated statement of gains and losses as at 31 December 2014	9
Consolidated and company balance sheets as at 31 December 2014	10
Consolidated cash flow statement for the year ended 31 December 2014	11
Notes to the financial statements	12

Aquaterra Energy Limited

Directors and Advisers

---

**DIRECTORS:**

M Boyd  
G Morrison  
J R Larnder  
M Fagg  
R Jenkins  
E Doyle  
S Maxwell

**COMPANY SECRETARY:**

M Fagg

**REGISTERED OFFICE:**

Innovation House  
2 Alkmaar Way  
Norwich  
Norfolk  
NR6 6BF

**REGISTERED NUMBER:**

05522539 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 St James Court  
Whitefriars  
Norwich  
NR3 1RJ

**BANKERS:**

HSBC Bank Plc  
8 Canada Square  
Canary Wharf  
E14 5HQ

**SOLICITORS:**

Mills & Reeve  
1 St James Court  
Whitefriars  
Norwich  
NR3 1RU

The directors present their strategic and the audited consolidated financial statements for the group for the year ended 31 December 2014.

## **RESULTS AND DIVIDENDS FOR THE FINANCIAL YEAR**

The profit for the financial year amounted to £296,729 (2013: Restated £449,572). A dividend of £nil (2013: £503,133) has been declared by the members in respect of the year ended 31 December 2014. The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements, and discussed further in the Business Review below. The directors are satisfied with the performance during the year and believe the group is well placed for the expected expansion of the business.

## **BUSINESS REVIEW**

### **Development of the business**

In 2014 Aquaterra Energy Limited continued to expand its client base within the offshore oil and gas business sector. Investment continued during the year and into 2015 to support and build additional revenue streams for future years. It remains the intention of the board to continue this business expansion over the coming years and they see opportunities in all business areas they currently operate in.

### **Research and development**

The company actively pursues research and development in order to maintain a technical and marketing edge and also to assist in the expansion of its product portfolio.


### **Key financial performance indicators**

The directors consider gross profit and adjusted EBITDA (earnings before interest, tax, depreciation, amortisation and share based payments charge) and to be the key financial performance indicators. The gross profit for the year was £7,870,605 (2013: £8,013,266) and EBITDA for the year was £3,004,766 (2013: £3,274,911) with the decrease arising as a result of the decrease in turnover and margin.

### **Other performance indicators**

In order to manage the risk related to over reliance on significant customers either by geography, specific product/service or size, the directors monitor customer concentration and seek to ensure that there is sufficient diversity to avoid any reliance upon a single or concentration of customers. In the year to 31 December 2014 the directors are of the opinion that the business was not reliant on any one individual customer (2013: none).

BY ORDER OF THE BOARD:



M Fagg

15 September 2015

The directors present their report and the audited consolidated financial statements for the group for the year ended 31 December 2014.

## **PRINCIPAL ACTIVITIES**

The principal activities of the group (based in Norwich, United Kingdom) during the year were the design, manufacture and installation of specialised equipment to the international offshore oil and gas industry.

## **DIVIDENDS FOR THE FINANCIAL YEAR**

A dividend of £nil (2013: £503,133) has been declared by the members in respect of the year ended 31 December 2014.

## **LIKELY FUTURE DEVELOPMENTS OF THE BUSINESS**

The directors consider that Aquaterra Energy Limited will continue to grow its customer base driven by increased geographical coverage combined with expanding the product and service capabilities. Cost pressures exerted by oil and gas industry operators will continue to generate increased interest in innovation and the directors feel the company is well positioned to take advantage of this point.

## **FINANCIAL RISK MANAGEMENT**

The company's operations expose it to a variety of financial risks that include liquidity risk, foreign exchange risk, interest rate risk and credit risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

### ***Liquidity risk***

The company is exposed to liquidity risk arising from cash flows associated with contracting operations in overseas territories. The company manages this risk by monitoring and retaining sufficient cash and access to borrowings, to ensure it has sufficient available funds for operations and planned expansions.

### ***Foreign exchange risk***

The company uses hedging instruments to ensure exposure to foreign exchange risk on significant specific projects in foreign currencies is minimised. The company does not hedge account for these instruments.

### ***Interest rate risk***

The company is exposed to interest rate risk as it has both interest bearing assets and liabilities. Interest bearing assets comprise cash balances which attract interest at a floating rate. Interest bearing liabilities include floating rate loans from third parties. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

### ***Credit risk***

Credit risk arises from cash and deposits held with banks and transactions with third party customers.

The company has policies which require appropriate credit checks on potential customers and regularly reviews the utilisation of individual customer credit limits.

### **DIRECTORS**

The directors who held office during the year under review and up to the date of signing the financial statements are as follows:

G Morrison  
M Boyd  
J R Larnder  
R Miller (Resigned on 30/06/2015)  
M Fagg  
P Phelan (Resigned on 30/06/2015)  
E Doyle  
R Jenkins  
S Maxwell

### **EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability. Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through briefing groups and the distribution of the annual report.

### **DIRECTORS' THIRD-PARTY INDEMNITY PROVISION**

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force throughout the financial year for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, the company maintained a directors' and officers' liability insurance policy throughout the financial year.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


## **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as each of the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD:

.....  


M Fagg

15 September 2015

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AQUATERRA ENERGY LIMITED**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Aquaterra Energy Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

The financial statements comprise:

- the consolidated and company balance sheets as at 31 December 2014;
- the consolidated profit and loss account for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the reconciliation of movements in shareholder funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



## **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **Responsibilities for the financial statements and the audit**

### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What an audit of financial statements involves**

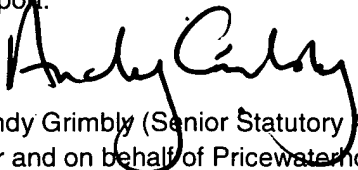
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Group Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

  
Andy Grimbly (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Norwich

29 September 2015

Auaterra Energy Limited  
Consolidated profit and loss account  
for the year ended 31 December 2014

		31 December 2014	Restated 31 December 2013
	Notes	£	£
<b>Turnover</b>	2	<b>29,261,200</b>	32,461,584
Cost of Sales		<b>(21,390,595)</b>	(24,448,318)
<b>Gross profit</b>		<b>7,870,605</b>	8,013,266
Administrative expenses		<b>(7,583,133)</b>	(7,364,650)
Other operating income	3	<b>76,689</b>	139,451
<b>Operating profit</b>	5	<b>364,161</b>	788,067
Interest payable and similar charges	6	<b>(97,130)</b>	(118,406)
<b>Profit on ordinary activities before taxation</b>		<b>267,031</b>	669,661
Tax on profit on ordinary activities	7	<b>22,307</b>	(225,822)
<b>Profit for the financial year after taxation</b>		<b>289,338</b>	443,839
Minority interests		<b>7,391</b>	5,733
<b>Profit for the financial year</b>	21	<b>296,729</b>	449,572

For details of the restatement see note 8

The profit and loss account relates entirely to continuing operations.

There are no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

The following table is provided to show the comparative earnings before interest, tax, depreciation and share based payments ("adjusted EBITD").

<b>Non-GAAP measure: Adjusted EBITD</b>	Note	2014 £	2013 £
Profit on ordinary activities before taxation		<b>267,031</b>	669,661
Adjustments for:			
Share option expense	19,4	<b>271,320</b>	244,378
Interest payable and similar charges	6	<b>97,130</b>	118,406
Depreciation	9	<b>2,369,285</b>	2,242,466
<b>Adjusted EBITD</b>		<b>3,004,766</b>	3,274,911

Aquaterra Energy Limited

Consolidated Statement Recognised Gains and Losses  
for the year ended 31 December 2014

---

	Note	2014 £	2013 £
<b>Profit for the financial year</b>	21	<b>296,729</b>	449,572
Exchange adjustments		<b>(25,196)</b>	(29,644)
<b>Total recognised gains and losses relating to the year</b>		<b>271,533</b>	419,928
Prior year adjustment		<b>134,237</b>	-
<b>Total recognised gains and losses since last annual report</b>		<b>405,770</b>	419,928

---

Aquaterra Energy Limited

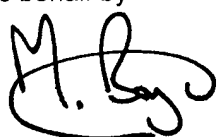
Consolidated and Company Balance Sheets  
as at 31 December 2014

		Group 31 December 2014 £	Restated Group 31 December 2013 £	Company 31 December 2014 £	Company 31 December 2013 £
	Notes				
<b>Fixed assets</b>					
Tangible assets	9	10,316,846	11,942,920	9,507,577	11,065,143
Investments	10	-	-	126,900	109,521
		<b>10,316,846</b>	<b>11,942,920</b>	<b>9,634,477</b>	<b>11,174,664</b>
<b>Current assets</b>					
Stocks	11	155,332	178,041	149,435	172,096
Debtors	12	6,358,820	7,408,979	7,362,312	8,372,449
Non-Current assets	18	155,151	-	155,151	-
Cash at bank and in hand		1,072,973	1,066,435	812,446	704,841
		<b>7,742,276</b>	<b>8,653,455</b>	<b>8,479,344</b>	<b>9,249,386</b>
Creditors: amounts falling due within one year	13	(6,437,454)	(8,950,680)	(6,357,855)	(8,858,308)
<b>Net current assets/(liabilities)</b>		<b>1,304,822</b>	<b>(297,225)</b>	<b>2,121,489</b>	<b>391,078</b>
<b>Total assets less current liabilities</b>		<b>11,621,668</b>	<b>11,645,695</b>	<b>11,755,966</b>	<b>11,565,742</b>
Creditors: amounts falling due after more than one year	14	(2,349,266)	(2,815,217)	(2,349,266)	(2,815,217)
Provisions for liabilities	18	-	(93,538)	-	(94,360)
<b>Net assets</b>		<b>9,272,402</b>	<b>8,736,940</b>	<b>9,406,700</b>	<b>8,656,165</b>
<b>Capital and reserves</b>					
Called up share capital	19	20,014	20,014	20,014	20,014
Share premium account	20	16,799	16,799	16,799	16,799
Profit and loss account	21	9,251,427	8,708,574	9,369,887	8,619,352
<b>Total shareholders' funds</b>	25	<b>9,288,240</b>	<b>8,745,387</b>	<b>9,406,700</b>	<b>8,656,165</b>
Minority interest		(15,838)	(8,447)	-	-
<b>Total capital employed</b>		<b>9,272,402</b>	<b>8,736,940</b>	<b>9,406,700</b>	<b>8,656,165</b>

For details in respect of the restatement see note 8.

The financial statements on pages 8 to 30 were approved by the Board of Directors on and were signed on its behalf by

15th September 2015



**M Boyd**  
**Chairman**

Registered number: 05522539

Aquaterra Energy Limited

Consolidated Cash Flow Statement  
for the Year Ended 31 December 2014

		31 December 2014	31 December 2013
	Notes	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	26	<b>2,047,640</b>	(462,523)
<b>Net cash outflow from returns on investments and servicing of finance</b>	27	<b>(97,132)</b>	(17,249)
<b>Taxation</b>		<b>(217,465)</b>	(186,898)
<b>Dividends paid</b>		<b>(503,133)</b>	-
<b>Net cash outflow for capital expenditure</b>	27	<b>(733,013)</b>	(809,751)
<b>Net cash inflow/(outflow) before financing</b>		<b>496,897</b>	(1,476,421)
<b>Net cash outflow from financing</b>	27	<b>(490,359)</b>	(849,813)
<b>Increase/(decrease) in cash in the year</b>		<b>6,538</b>	(2,326,234)
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year		<b>6,538</b>	(2,326,234)
Cash outflow from changes in borrowings		<b>490,359</b>	866,719
Movement in borrowings		-	(101,157)
Change in net funds resulting from cash flows		<b>496,897</b>	(1,560,672)
<b>Movement in net debt in the year</b>			
<b>Net debt at 1 January</b>	28	<b>(2,232,310)</b>	(671,638)
<b>Net debt at 31 December</b>	28	<b>(1,735,413)</b>	(2,232,310)

## **1. ACCOUNTING POLICIES**

### **Basis of preparation**

The financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The significant accounting policies used in the preparation of these financial statements, which have been applied consistently other than disclosed below, are:

### **Basis of consolidation**

These group financial statements consolidate the financial statements of Aquaterra Energy Limited and its subsidiary undertakings drawn up to 31 December 2014 using uniform accounting policies and eliminating any profits or losses on intra group transactions. No separate profit and loss account is presented for Aquaterra Energy Limited as permitted by section 408 of the Companies Act 2006. The profit for the year attributable to the company amounted to £323,654 (2013: £735,178).

### **Turnover**

Turnover represents amounts receivable in respect of the sale of goods and services, excluding value added tax.

Revenue is recognised as earned when, and to the extent that, the company obtains the contractual right to consideration in exchange for its performance under contract. In respect of long term contracts where amounts are invoiced or where cash is received in advance of the work being performed such amounts are deferred as liabilities until the revenue is earned. Where work is performed but un-invoiced such amounts are recognised within the profit and loss account with a corresponding asset recognised within accrued income.

Rents are receivable in respect of sub-letting un-occupied space. Such amounts are disclosed separately as other income.

### **Tangible fixed assets**

Tangible fixed assets are carried at cost less depreciation. Cost is defined as the consideration paid including all incidental expenditure incurred in bringing the asset into a condition for its expected use.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	- 2% straight line
Plant and machinery	- 10% to 50% straight line
Office and computer equipment	- 25% straight line

No depreciation is charged on assets in the course of construction.

### **Investment properties**

Investment properties, which comprise properties held for rental, are revalued annually and the aggregate surplus or deficit transferred to the revaluation reserve except where any deficit is deemed permanent when it is taken to the profit and loss account. No provision is made for depreciation of investment properties. This departure from the requirements of the Regulations, which require all properties to be depreciated is, in the opinion of the Directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards.

## **1. ACCOUNTING POLICIES - continued**

### **Investments**

Investments are stated at cost or valuation less any provision for impairment.

### **Work in progress**

Work in progress is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads. Net realisable value is the amount at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made, where appropriate for slow moving, obsolete and defective stock.

### **Deferred tax**

In accordance with the provisions of FRS 19, "Deferred Taxation", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Research and development**

Expenditure on research and development is written off in the year in which it is incurred and is included within cost of sales.

### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transaction. All differences are taken to the profit and loss account.

### **Financial instruments**

Financial assets and financial liabilities are recognised upon becoming a party to the contractual provisions of the instrument.

#### ***Trade debtors***

Trade debtors are non-interest bearing and are stated at their nominal value, as reduced by appropriate allowances for estimated irrecoverable amounts.

#### ***Financial liabilities and equity instruments***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Trade creditors***

Trade creditors are not interest bearing and are stated at their nominal value.

## **1. ACCOUNTING POLICIES - continued**

### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

### **Operating leases**

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to sign a lease are spread evenly over the lease term, or to an earlier date when the first rent review will adjust the rent to the prevailing market value.

### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the scheme are held separately from the assets of the company.

### **Share based payments**

The company operates equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### **Restatement**

During the preparation of the financial statements the directors have concluded that the tax charge in relation to Aquaterra Energy Asia Pacific Sdn Bhd was incorrectly stated within the FY13 Aquaterra Energy Limited consolidated financial statements. This has resulted in a reduction in the consolidated tax charge of £134,237 and a decrease in the corporation tax liability.



Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company. The directors consider that the disclosure of turnover and profit by activity and geographical destination would be seriously prejudicial to the Company.

**3. OTHER OPERATING INCOME**

	31 December 2014	31 December 2013
	£	£
Rents receivable	72,402	139,451
Interest Received	4,287	-
	<u>76,689</u>	<u>139,451</u>

**4. STAFF COSTS**

	31 December 2014	31 December 2013
	£	£
Wages and salaries	7,204,315	6,359,376
Share based payment charge	271,320	244,378
Social security costs	838,028	707,936
Other pension costs (note 23)	177,410	139,152
	<u>8,491,073</u>	<u>7,450,842</u>

The average monthly number of employees, including directors during the year was as follows:

	31 December 2014	31 December 2013
	Number	Number
Operational	110	87
Administrative	35	30
	<u>145</u>	<u>117</u>

**Directors' emoluments**

	31 December 2014	31 December 2013
	£	£
Aggregate directors' emoluments	1,323,083	1,211,645
Pension contributions to directors' money purchase schemes	67,828	66,845
	<u>1,390,911</u>	<u>1,278,490</u>

#### 4. STAFF COSTS – continued

The number of directors to whom retirement benefits were accruing was as follows:

	31 December 2014	31 December 2013
	Number	Number
Money purchase schemes	8	6

No directors exercised share options during the year (2013: none). At the year end 6 directors (2013: 6) are entitled to shares under a long term incentive scheme (note 18).

Information regarding the highest paid director is as follows:

	31 December 2014	31 December 2013
	£	£
Aggregate emoluments	267,052	249,902
Pension contribution	7,800	14,658
	274,852	264,560

#### 5. OPERATING PROFIT

Operating profit is stated after charging:

	31 December 2014	31 December 2013
	£	£
Operating lease payments- plant and machinery	26,690	28,275
- property	159,941	94,091
Depreciation of tangible fixed assets	2,369,285	2,242,466
Profit on sale of fixed assets	(10,323)	-
Auditors' remuneration		
- audit services provided to the company in respect of individual and consolidated financial statements	45,050	41,700
- other services provided to the company and its subsidiaries	103,508	98,045
Gain on foreign currency exchange	(53,318)	(118,142)

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2014	31 December 2013
	£	£
Bank loan interest	97,130	101,868
Interest on other loans	-	16,538
	<u>97,130</u>	<u>118,406</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	31 December 2014	Restated 31 December 2013
	£	£
<b>Current tax</b>		
UK corporation tax	236,718	418,157
Adjustment in respect of prior years	(73,607)	(70,321)
Foreign tax relief	(197,338)	(350,041)
Foreign tax suffered	260,608	335,454
<b>Total current tax</b>	<u>226,381</u>	<u>333,249</u>
<b>Deferred tax (note 18)</b>		
Origination and reversal of timing differences	(44,344)	(76,076)
Adjustment in respect of prior years	(207,425)	(17,474)
Effect of changes in tax rate	3,081	(13,877)
<b>Total deferred tax</b>	<u>(248,688)</u>	<u>(107,427)</u>
<b>Tax (credit)/charge on profit on ordinary activities</b>	<u>(22,307)</u>	<u>225,822</u>

## 7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES - continued

### Factors affecting the tax charge

The tax assessed for the year is the higher (2013: higher) than the standard rate of corporation tax in the UK 21.25% (2013: 23.25%). The difference is explained below:

	31 December 2014	Restated 31 December 2013
	£	£
<b>Profit on ordinary activities before taxation</b>	<b>267,031</b>	<b>669,661</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	<b>57,385</b>	<b>155,696</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>190,626</b>	<b>131,685</b>
Income not taxable	<b>(117,668)</b>	<b>-</b>
Accelerated capital allowances in excess of depreciation	<b>96,304</b>	<b>110,617</b>
Movement in short term timing differences	<b>(2,126)</b>	<b>(34,540)</b>
Adjustment to tax charge in respect of prior years	<b>(73,607)</b>	<b>(70,321)</b>
Higher tax rates on overseas earnings	<b>90,014</b>	<b>59,968</b>
Effects of other tax rates/credits	<b>-</b>	<b>(3,512)</b>
Foreign exchange movement	<b>(14,547)</b>	<b>(16,344)</b>
<b>Current tax charge</b>	<b>226,381</b>	<b>333,249</b>

### Factors that may affect future tax charges

A number of changes to the UK corporation tax system were announced in the July 2015 UK Budget statement. Reductions to the main rate of corporation tax are proposed to reduce the rate by 1% to 19% from financial year 2017 and by a further 1% to 18% from financial year 2020. None of these expected rate reductions had been substantially enacted at the balance sheet date and therefore are not included in these financial statements. The overall effect of the further changes from 20% to 18% if these applied to the deferred tax balance at the balance sheet date would not be material.

## 8. RESTATEMENT

During the preparation of the financial statements the directors have concluded that the tax charge in relation to Aquaterra Energy Asia Pacific Sdn Bhd was incorrectly stated within the FY13 Aquaterra Energy Limited consolidated financial statements. This has resulted in a reduction in the consolidated tax charge of £134,237 and a decrease in the corporation tax liability.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

9. TANGIBLE FIXED ASSETS

Group

	Freehold property	Plant and machinery	Office and computer equipment	Assets Under Construction	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2014	5,446,754	10,101,539	1,415,657	193,917	17,157,867
Exchange differences	-	(125)	-	-	(125)
Additions	-	207,475	349,736	216,533	773,744
Disposals	-	(79,353)	-	-	(79,353)
Transfers	-	96,863	-	(96,863)	-
<b>At 31 December 2014</b>	<b>5,446,754</b>	<b>10,326,399</b>	<b>1,765,393</b>	<b>313,587</b>	<b>17,852,133</b>
<b>Cost</b>	4,138,190	10,326,399	1,765,393	313,587	16,543,569
<b>Investment properties</b>	1,308,564	-	-	-	1,308,564
<b>At 31 December 2014</b>	<b>5,446,754</b>	<b>10,326,399</b>	<b>1,765,393</b>	<b>313,587</b>	<b>17,852,133</b>
<b>Accumulated depreciation</b>					
At 1 January 2014	295,713	4,057,956	861,278	-	5,214,947
Charge for year	90,235	1,989,828	289,222	-	2,369,285
Disposals	-	(48,945)	-	-	(48,945)
<b>At 31 December 2014</b>	<b>385,948</b>	<b>5,998,839</b>	<b>1,150,500</b>	<b>-</b>	<b>7,535,287</b>
<b>Net book amount</b>					
<b>At 31 December 2014</b>	<b>5,060,806</b>	<b>4,327,560</b>	<b>614,893</b>	<b>313,587</b>	<b>10,316,846</b>
At 31 December 2013	5,151,041	6,043,583	554,379	193,917	11,942,920

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

9. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Freehold property	Plant and machinery	Office and computer equipment	Assets Under Construction	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 January 2014	4,664,990	9,798,028	1,412,713	193,917	16,069,648
Additions	-	198,852	346,786	216,533	762,171
Disposals	-	(67,934)	-	-	(67,934)
Transfers	-	96,863	-	(96,863)	-
<b>At 31 December 2014</b>	<b>4,664,990</b>	<b>10,025,809</b>	<b>1,759,499</b>	<b>313,587</b>	<b>16,763,885</b>
<b>Cost</b>	3,356,426	10,025,809	1,759,499	313,587	15,455,321
<b>Investment properties</b>	1,308,564	-	-	-	1,308,564
<b>At 31 December 2014</b>	<b>4,664,990</b>	<b>10,025,809</b>	<b>1,759,499</b>	<b>313,587</b>	<b>16,763,885</b>
<b>Accumulated depreciation</b>					
At 1 January 2014	250,316	3,892,921	861,268	-	5,004,505
Charge for year	76,355	1,927,323	287,753	-	2,291,431
Disposals	-	(39,628)	-	-	(39,628)
<b>At 31 December 2014</b>	<b>326,671</b>	<b>5,780,616</b>	<b>1,149,021</b>	<b>-</b>	<b>7,256,308</b>
<b>Net book amount</b>					
<b>At 31 December 2014</b>	<b>4,338,319</b>	<b>4,245,193</b>	<b>610,478</b>	<b>313,587</b>	<b>9,507,577</b>
At 31 December 2013	4,414,674	5,905,107	551,445	193,917	11,065,143

For both the Group and company the freehold property disclosure above has been restated following a review performed by the directors of its property interests. Given the additional capacity provided by the existing properties, some of the buildings are leased to 3rd parties. With the exception of one property all investment properties have been valued during the year by Arnold Keys in accordance with the Group accounting policy. One property was valued during 2011, by Graham and Sibbald. In the opinion of the directors the aggregate value of the company's investment properties has not changed significantly since that date.

On the historical cost basis the net book value of properties carried at valuation is £1,308k, comprising cost of £1,457k and related depreciation of £149k.

# 10. FIXED ASSET INVESTMENTS

Company	Interests in group undertakings £
At 1 January 2014	109,521
Additions in year	17,379
<b>At 31 December 2014</b>	<b>126,900</b>

Company interests in group undertakings:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal value of issued shares held	Principal activity
Aquaterra Energy (EBT Trustees) Limited	England and Wales	1 £1 ordinary share	100%	Trustee
Dreamlink Limited	England and Wales	1,000 £1 ordinary shares	100%	Trading
Aquaterra Egypt Free Zone	Egypt	100 Egyptian £1 ordinary shares	90%	Trading
Aquaterra Energy Asia Pacific Sdn Bhd	Malaysia	500,000 RM1 ordinary shares	100%	Trading
Aquaterra Energy FZE	Dubai	AED 100,000	100%	Trading

The directors believe that the carrying value of the investments is supported by their underlying net assets.

# 11. STOCKS

	Group 31 December 2014 £	Group 31 December 2013 £	Company 31 December 2014 £	Company 31 December 2013 £
Raw materials	5,897	13,144	-	7,199
Work in progress	149,435	164,897	149,435	164,897
	<b>155,332</b>	<b>178,041</b>	<b>149,435</b>	<b>172,096</b>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2014

## 12. DEBTORS

	Group	Group	Company	Company
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£	£	£	£
Trade debtors	3,149,531	5,749,649	3,061,751	5,693,744
Amounts owed by group undertakings	-	-	1,125,930	1,053,400
Other debtors	19,336	88,030	19,336	88,030
Prepayments and accrued income	3,189,953	1,571,300	3,155,295	1,537,275
	<b>6,358,820</b>	<b>7,408,979</b>	<b>7,362,312</b>	<b>8,372,449</b>

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Restated Group	Company	Company
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£	£	£	£
Bank loans and overdrafts (note 15)	459,120	441,077	459,120	441,077
Trade creditors	2,330,749	4,512,340	2,277,559	3,710,546
Amounts owed to group undertakings	-	-	56,637	871,206
Finance lease obligations (note 15)	-	42,451	-	42,451
Corporation tax	262,888	123,006	262,888	164,556
Withholding tax	1,800	81,063	1,800	81,063
Taxation and social security	530,691	13,546	523,995	(7,220)
Accruals and deferred income	2,852,205	3,737,197	2,775,856	3,554,629
	<b>6,437,453</b>	<b>8,950,680</b>	<b>6,357,855</b>	<b>8,858,308</b>



14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group and Company

	31 December 2014	31 December 2013
	£	£
Bank loans (note 15)	2,349,266	2,815,217
Finance lease obligation (note 15)	-	-
	<u>2,349,266</u>	<u>2,815,217</u>

15. LOANS AND OTHER BORROWINGS

An analysis of the maturity of loans is given below:

Group and Company

	31 December 2014	31 December 2013
	£	£
<b>Amounts falling due within one year or on demand:</b>		
Bank loans	459,120	441,077
Other loans	-	-
Finance lease obligations	-	42,451
	<u>459,120</u>	<u>483,528</u>
<b>Amounts falling due between one and two years:</b>		
Bank loans	172,139	454,109
Finance lease obligations	-	-
<b>Amounts falling due between two and five years:</b>		
Bank loans	460,943	449,561
<b>Amounts falling due in more than five years:</b>		
Bank loans	1,716,184	1,911,457
<b>Total borrowings</b>	<u>2,808,386</u>	<u>3,298,655</u>

For details of security see note 16. All loans relate to instalment debts.

## 16. SECURED DEBTS

The following secured debts are included within creditors:

### Group and Company

	31 December 2014	31 December 2013
	£	£
Bank loans	2,808,386	3,256,294
Finance lease	-	42,451
	<b>2,808,386</b>	<b>3,298,745</b>

Update:

1. Bank loan of £690,000 repayable by monthly instalments that commenced in February 2009. The loan is for a term of 20 years and interest is charged at a rate of 1.2% per annum over the HSBC Bank Plc base rate. This rate was increased to 2.2% above base rate from the 1 April 2012. The loan is secured by a first legal mortgage over a freehold property of the company. The balance at year end was £492,480.
2. Bank loan of £632,000 repayable by monthly instalments that commenced in May 2010. The loan is for a term of 20 years and interest is charged at a rate of 1.2% per annum over the Bank's base rate. The loan is secured by a first legal mortgage over a freehold property of the company. The balance at year end was £496,613.
3. Bank loan of £600,000 repayable by monthly instalments commencing in October 2010. The loan is for a term of 20 years and interest is charged at a rate of 2.48% over the Bank's base rate. The loan is secured by a first legal mortgage over freehold property of the company. The balance at year end was £493,535.
4. Bank loan of £450,000 repayable by monthly instalments commencing in September 2011. The loan is for a term of 20 years and interest is charged at a rate of 2.14% per annum over the Bank's base rate. The loan is secured by a first legal mortgage over a freehold property of the company. The balance at year end was £386,455.
5. Bank loan of £1,500,000 repayable by monthly instalments commencing January 2011. The loan is for a term of 5 years and interest is charged at a rate of 2.39% per annum over the banks base rate. The loan is secured by a debenture comprising fixed and floating charges over all the assets and undertaking of Aquaterra Energy Limited including all present and future freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital, both present and future. The balance at year end was £338,161.
6. Bank loan of £656,250 repayable by monthly instalments commencing on December 2012. The loan is for a term of 20 years and interest is charged at 2.51% per annum over the Bank's base rate. The loan is secured by a first legal mortgage over freehold property of the company. The balance at year end was £601,141.

Finance lease obligations are secured upon the assets to which they relate included in note 8.

## 17. OPERATING LEASE COMMITMENTS

At 31 December 2014 the group and company had the following annual commitments under non-cancellable operating leases.

Group and Company	Other		Land and buildings	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Expiring</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	4,529	888	53,137	-
Between two and five years	19,660	14,640	40,500	57,698
After five years	-	-	62,891	62,891
	<b>24,189</b>	<b>15,528</b>	<b>156,528</b>	<b>120,589</b>

## 18. PROVISIONS FOR TAX LIABILITIES

### Deferred tax liabilities

Deferred taxation liabilities recognised in the financial statements are as follows:

	Group	Group	Company	Company
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Amount provided</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tax effect of timing differences because of:				
Accelerated capital allowances	152,129	(68,269)	152,129	(69,091)
Other timing differences	3,022	(25,269)	3,022	(25,269)
Asset/(Liability) as at 31 December	<b>155,151</b>	<b>(93,538)</b>	<b>155,151</b>	<b>(94,360)</b>

18. PROVISIONS FOR TAX LIABILITIES - continued

Deferred taxation movement	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Liability as at 1 January	(93,538)	(200,967)	(94,360)	(197,355)
Charge to profit and loss account	41,263	89,829	82,457	85,395
Adjustment in respect of prior years	207,426	17,600	167,054	17,600
Asset/(Liability) as at 31 December	155,151	(93,538)	155,151	(94,360)

19. CALLED UP SHARE CAPITAL

Group and Company

Authorised number	Class	Nominal value	2014 £	2013 £
95,106	Ordinary	£1	95,106	95,106
2,766	Non voting ordinary	£1	2,766	2,766
2,128	Non voting EBT ordinary	£1	2,128	2,128
			<u>100,000</u>	<u>100,000</u>

The term EBT refers to Employee Benefit Trust.

Allotted, issued and fully paid:

Number	Class	Nominal value	31 December 2014 £	31 December 2013 £
16,945	Ordinary	£1	16,383	16,383
941	Non voting ordinary	£1	1,503	1,503
2,128	Non voting EBT ordinary	£1	2,128	2,128
			<u>20,014</u>	<u>20,014</u>

The three classes of share carry the same rights in all respects other than the right to vote at meetings of the company.

## 19. CALLED UP SHARE CAPITAL - continued

### Potential future issues of ordinary, non voting ordinary and non voting EBT ordinary shares

Certain directors and senior employees hold options to subscribe for ordinary and non voting ordinary shares in the company under the terms of Enterprise Management Incentive agreements entered into on 2 December 2013. The options are exercisable over a 10 year period and are dependent upon fixed target dates and are settled by the issue of equity in the company. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations. The previous EMI scheme granted 20 February 2009 has been forfeited by the employees during the year.

The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	2 December 2013
Share price at grant date	£79
Exercise price	£79
Number of employees	6
Shares under option	2,617
Vesting period (years)	At various points over 3 years
Expected volatility	57%
Option life (years)	10
Expected life (years)	3
Risk free rate	2.70%
Expected dividends expressed as a dividend yield	2.66%
Fair value per option	£363

The expected volatility is based on historical volatility over the last three years from available market data of comparable business. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

	Number	Weighted average exercise price
Scheme 2 - Outstanding at 2 December 2014	2,167	£79
Outstanding and exercisable at 31 December 2014	2,167	£79

## 20. SHARE PREMIUM ACCOUNT

Group and company	31 December 2014	31 December 2013
	£	£
At 1 January 2014	16,799	-
Premium on shares issued during the year	-	16,799
At 31 December 2014	16,799	16,799

## 21. RESERVES

		Group	Company
		Profit and loss account	Profit and loss account
		£	£
At 1 January 2014 previously stated	8	8,574,337	-
Restatement	8	134,237	-
At 1 January 2014		8,708,574	8,619,352
Exchange adjustments		(25,196)	-
Profit for the financial year		296,729	479,215
Share option expense		271,320	271,320
At 31 December 2014		9,251,427	9,369,887

## 22. RELATED PARTY DISCLOSURES

Amounts owed from/(to) the directors at year end were:

	Loan	Loan	Interest accrued	Interest accrued
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	£	£	£	£
Amounts owed from - G Morrison	-	75,000	-	-
Amounts owed from - M Boyd	7,500	-	-	-
	7,500	75,000	-	-

Included in other debtors is £2,128 (2013: £2,128) due from Aquaterra Energy Employee Benefit Trust 2006 in respect of amounts borrowed to meet its liabilities. The company is exempt under the terms of FRS 8, "Related party disclosures", from disclosing related party transaction with entities that are part of the Aquaterra Energy Limited group however for the Egyptian 90% interest, Aquaterra Energy Limited has a debtor of £284,245 outstanding at year end.

## 23. PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately in independently administered funds.

Contributions made by the company to the scheme during the year amounted to £162,302 (2013: £139,152). The balance outstanding at the year end was £15,108 (2013: £26,602).

## 24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is considered to be M Boyd, the majority shareholder. Aquaterra Energy Limited is the largest and smallest entity to consolidate these financial statements.

## 25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 31 December 2014 £	Restated Group 31 December 2013 £	Company 31 December 2014 £	Company 31 December 2013 £
Profit for the year as previously stated	-	315,335	-	600,941
Restatement	-	134,237	-	134,237
Profit for the financial year	<b>296,729</b>	449,572	<b>479,215</b>	735,178
Adjustment in respect of employee share scheme	<b>271,320</b>	244,378	<b>271,320</b>	244,378
Issue of shares	-	107	-	107
Share premium	-	16,799	-	16,799
Dividend	-	(503,133)	-	(503,133)
Exchange adjustments	<b>(25,196)</b>	(29,644)	-	-
Net addition to shareholders' funds	<b>542,853</b>	178,079	<b>750,535</b>	493,329
Opening shareholders' funds	<b>8,745,387</b>	8,567,308	<b>8,656,165</b>	8,162,836
<b>Closing shareholders' funds</b>	<b>9,288,240</b>	8,745,387	<b>9,406,700</b>	8,656,165

26. **RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	31 December 2014	31 December 2013
	£	£
Operating profit	364,161	788,067
Depreciation charges	2,369,285	2,242,466
Adjustment in respect of employee share scheme	271,320	244,378
Decrease/(Increase) in stocks and work in progress	22,709	(161,660)
Decrease/(Increase) in debtors	1,050,159	(180,128)
Decrease in creditors	(2,046,215)	(3,386,015)
Foreign exchange losses	26,544	(9,631)
Profit on sale of assets	(10,323)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2,047,640</b>	<b>(462,523)</b>

27. **ANALYSIS OF CASH FLOWS FOR HEADINGS SHOWN NET IN THE CASH FLOW STATEMENT**

	31 December 2014	31 December 2013
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest paid	(97,132)	(17,249)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(97,132)</b>	<b>(17,249)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(773,744)	(809,751)
Proceeds from sale of tangible fixed assets	40,731	-
<b>Net cash outflow for capital expenditure</b>	<b>(733,013)</b>	<b>(809,751)</b>
<b>Financing</b>		
Issue of ordinary share capital	-	16,906
Loan repayments in year	(490,359)	(866,719)
<b>Net cash outflow from financing</b>	<b>(490,359)</b>	<b>(849,813)</b>



**28. ANALYSIS OF CHANGES IN NET FUNDS**

	1 January 2014	Cash flow	Non cash	31 December 2014
	£	£	£	£
Cash at bank and in hand	1,066,435	6,538	-	1,072,973
Debt:				
Other loans	-	-	-	-
Debts falling due within one year	(441,077)	441,077	(459,120)	(459,120)
Debts falling due after one year	(2,815,217)	6,831	459,120	(2,349,266)
Finance leases	(42,451)	42,451	-	-
	(3,298,745)	490,359	-	(2,808,386)
<b>Total</b>	<b>(2,232,310)</b>	<b>496,897</b>	<b>-</b>	<b>(1,735,413)</b>

**29. COMMITMENTS AND OTHER GUARANTEES**

The company has at 31 December 2014 committed to purchase tangible assets of £nil (2013: £279,923).

In addition to the above, the company has the following guarantees in place at year end

- Guarantee in favour of South Atlantic Petroleum Benin S.A. \$1,227,304
- Guarantee in favour of Premier Oil UK Limited £835,907

**30. DIVIDENDS**

The directors have proposed and approved a final dividend for the year ended 31 December 2014 of £nil per share (2013 : £28.13 per share).